

Message Text

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SUBJ: PANARCTIC ANNOUNCES GAS DISCOVERY IN ARCTIC

PANARCTIC OILS LTD., THE CONSORTIUM OWNED 45 PERCENT BY THE CANADIAN GOVERNMENT AND 55 PERCENT BY 29 PRIVATE COMPANIES, YESTERDAY MADE TWO ANNOUNCEMENTS CONCERNING ITS DRILLING ACTIVITIES - A FAVORABLE REPORT ON GAS DISCOVERY, AND A DISAPPOINTING REPORT ON OIL EXPLORATION.

SPOKESMEN FOR THE CONSORTIUM HAVE ANNOUNCED THAT THE JACKSON BAY DRILLING SITE OFF THE SOUTH COAST OF ELLEF RINGNES ISLAND HAS RECORDED A GAS FLOW RATE OF UP TO 7.5 MILLION CUBIC FEET PER DAY. THIS IS THE FIRST OFF-SHORE EXPLORATION WELL DRILLED IN THE ARCTIC ISLANDS AREA FROM A FLOATING ICE PLATFORM. IT IS TOO EARLY TO PROVIDE ESTIMATES OF RESERVE ADDITIONS AS A RESULT OF THE JACKSON BAY FIND, BUT PANARCTIC OFFICIALS HOPE IT WILL PROVIDE A

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SUBSTANTIAL ADDITION TO THE 12 TRILLION CUBIC FEET RESERVE

TOTAL RESULTING FROM FINDS AT THE CONSORTIUMS HECLA, DRAKE, KING CHRISTIAN, THOR, KRISTOFFER BAY, AND WALLIS SITES (NOTE - A THRESHOLD RESERVE OF AROUND 25 TRILLION CUBIC FEET IS GENERALLY ACCEPTED AS THE MINIMUM REQUIRED TO SUPPORT A PIPELINE PROJECT FROM THE HIGH ARCTIC).

ON THE NEGATIVE SIDE, A MAJOR CRUDE OIL DISCOVERY IN THE ISLANDS ONCE AGAIN ELUDED PANARCTIC, AS ITS WEST BENT HORN E-43 EXPLORATORY WELL HAS FAILED TO FIND COMMERCIAL QUANTITIES OF OIL ON CAMERON ISLAND. THIS OIL WAS CONSIDERED BY OFFICIALS OF THE CONSORTIUM AS BEING MOST PROMISING. AN EARLIER HIT HAS BEEN RECORDED SIX MILES EAST AT THE BENT HORN F-72 WELL, WHICH FLOWED AN AVERAGE OF 5,300 BARRELS PER DAY DURING TESTS. UNFORTUNATELY, IT ALSO CONTAINED 17 PERCENT WATER, MAKING A FOLLOW-UP WELL NECESSARY. BENT HORN E-43 WAS THE FOLLOW-UP WELL, AND AFTER REACHING A DEPTH OF 11,000 FEET WITHOUT FAVORABLE RESULTS, THE WELL WAS ABANDONED AND THE RIG IS IN THE PROCESS OF BEING MOVED TO ANOTHER SITE.

THE PREVIOUS ENTHUSIASTIC ANNOUNCEMENTS ON THE BENT HORN PROSPECTS AND YESTERDAY'S STATEMENT ON THE ABANDONMENT OF BENT HORN E-43, ILLUSTRATES THE HIGHS AND LOWS OF ENTHUSIASM AND DISAPPOINTMENT THAT APPEAR TO BE TRADE-MARKS OF THE OIL AND GAS EXPLORATION INDUSTRY. ONLY A FEW MONTHS AGO, CHARLES HEATHERINGTON, PRESIDENT OF PANARCTIC, WAS SAYING THAT OIL FROM THE HIGH ARCTIC COULD BE MARKETED IN EASTERN CANADA IN 3 YEARS. HALL

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